SGGF

MANAGEMENT CORPORATION

Saskatchewan Government Growth Fund IV Ltd

2004 ANNUAL REPORT

Creating economic
wealth and diversification
through investment
of immigrant investor
capital in Saskatchewan

SASKATCHEWAN GOVERNMENT
GROWTH FUND

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FUND PROFILE

Saskatchewan Government Growth Fund IV Ltd. ("SGGF IV" or the "Fund") is a government-administered venture capital fund pursuant to the Immigration Regulations, 1978 (Canada), as amended. It was formed to enable immigrant investors to invest in businesses operating in Saskatchewan and facilitate the investors' qualification as Canadian permanent residents under the Immigrant Investor Program.

FINANCIAL HIGHLIGHTS

- The Fund incurred a loss of $629,000 in 2004 and has an accumulated deficit at December 31, 2004 of $693,000.
- Net revenue for the year, including realized gains and losses on disposal of investments and recognition of an unrealized loss, was negative $117,000 in 2004.
- The principal payment at maturity of the Notes was increased to $215,000 from $200,000. An additional payment was made to investors who had been paid a lower amount when their Notes matured. Further payments will be made as cash becomes available from the liquidation of investments.

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MESSAGE TO INVESTORS

The priority of Saskatchewan Government Growth Fund IV Ltd. in 2004 was the management of its investments. The objective of the Fund is to achieve the best liquidation proceeds available in the prevailing circumstances in order to provide cash for payments to Noteholders on the maturities of their Notes.

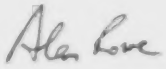
Effective January 1, 2004, the Fund adopted new accounting standards which require that investments be recorded at their fair value as at the date of the financial statements. The periodic change in fair value is reflected in the Statement of Operations.

The Fund incurred a loss of $629,000 in 2004 as a result of net losses of $671,000 incurred on investment in a company which experienced financial difficulty. This loss reflects the relatively higher risk associated with investments in small and medium-sized enterprises. The loss for the year resulted in an accumulated deficit of $693,000 at December 31, 2004.

Payments to Noteholders at maturity of the Notes are established periodically based on forecasts of cash expected to be available from disposal of investments and scheduled maturities of Notes. This ensures that all Noteholders are treated equally. In 2003, the amount paid at maturity was set at $200,000. During 2004, the payment was increased to $215,000. As a result of investment losses, there is a possibility that the Fund will be unable to repay the full principal amount of Note obligations to investors. The Fund periodically reviews its forecasts of cash flows. If the assumptions underlying current forecasts prove to be correct, payment of additional amounts may be possible in late 2005.

In 2005, SGGF IV will continue to actively manage its remaining investments with a view to achieving the best liquidation proceeds available in the prevailing circumstances so that additional payments can be made to investors whose Notes have matured. As significant new developments occur, such information will be provided to the Noteholders.

Roland Hardy
Chair



Alan M. Rowe
President

February 23, 2005

The following are profiles of investments held by SGGF IV during 2004, including the principal amount invested at December 31, 2004 and a description of the companies' operations. The date of the initial investment in each company is noted in parentheses.

Big Sky Farms Inc. (November 1998)

Big Sky Farms, headquartered in Humboldt, Saskatchewan, operates a number of farrow to finish hog operations in Saskatchewan. These operations are among the largest hog production facilities in western Canada. The company repaid its $1,000,000 loan in 2004.

ETEC Environmental Technologies Equipment Corporation (February 2001)
$375,000 loans; $842,329 common shares

ETEC, based in Saskatoon, develops and manufactures environmentally responsible equipment for the golf and turf maintenance market.

Fairmount Energy Inc. (July 2004)
common shares

Fairmount Energy is an oil and gas exploration and development company. The Fund received its shares in the company in 2004 on the reorganization of Star Biotech Inc. (now Star Bio Investments Inc.), a company in which the Fund invested in 1998.

Flatland Exploration Ltd. (May 2001)
$475,000 loans

Flatland Exploration is a Regina-based company involved in the exploration, development and production of oil and natural gas. In 2002, the company was sold to Bulldog Energy Inc.

Master Manufacturing Inc. (June 1999)
$605,066 loans

Master Manufacturing, located in Moose Jaw, Saskatchewan, manufactured a broad range of pre-engineered all-steel buildings and building components. In 2003, the company defaulted on its loan and a trustee in bankruptcy was appointed. The trustee is in the process of disposing of the company's assets.

Nelson Environmental Remediation Ltd. (August 1999)
$73,103 loans

Nelson Environmental Remediation Ltd. provides soil reclamation and remediation services to owners of contaminated sites throughout western Canada, the United States and Europe.

Parkland Strawboard (1998) Inc. (June 2001)

Parkland Strawboard manufactured strawboard by a process of compressing wheat straw with a resin to create high-quality, moisture-resistant board used in both the furniture and construction industries. The company is located in Kamsack, Saskatchewan. In December 2002, the company discontinued production. In 2003, the company defaulted on its loan and a trustee in bankruptcy was appointed. No further recovery is expected on this investment.

Star Bio Investments Inc. (January 1998)
$52,284 common shares

Star Bio Investments Inc. is a successor company to Star Biotech Inc. Star Biotech was a Saskatoon-based biotechnology company which used advanced technologies to develop and produce high value-added, bio-engineered vaccines for animals and humans. In 2000, the Fund's debt position was converted to shares and the company sold its assets for a combination of cash and equity and royalty interests in other companies. In 2004, the company reorganized and the Fund received common shares of Star Bio Investments Inc., which holds the equity and royalty interests, and of Fairmount Energy Inc. SGGF IV's recovery on this investment is dependent on Star Bio Investments selling its equity and royalty interests.

CAJON Leasing (December 2001)
$1,327,092 loans

CAJON, located in Regina, leases vehicles and other assets to Saskatchewan Crown corporations and government-related entities.

R & R Leasing (July 2002)

R&R is based in Saskatoon and leases buildings, equipment and vehicles to Saskatchewan Crown corporations, other government-related entities and private enterprises. The company repaid its loans in 2004.

Background

Saskatchewan Government Growth Fund IV Ltd. ("SGGF IV" or the "Fund") is an immigrant investor fund which operates in accordance with the regulations of the federal Immigrant Investor Program (the "IIP"). The Fund began commercial operations in 1997 when it accepted its first subscription deposits. The Fund is financed by subscriptions received from immigrant investors. The objective of the Fund is to invest at least 70% of the proceeds of subscriptions in eligible businesses in Saskatchewan for a five year period as required by the IIP. This allows the immigrant investor to satisfy the investment requirements of the IIP for a Canadian-resident visa.

Obligations to investors

SGGF IV's activities are financed by immigrant investors who have subscribed for unsecured, subordinated promissory notes ("Notes") offered through an Offering Memorandum. The interest rate for a Note is 1.5%. Obligations under the Notes are subordinate to all other liabilities of the Fund and repayment is dependent on the proceeds on liquidation of investments and all other available liquidity in excess of other liabilities.

The Notes mature five years from the date of issue. The IIP requires that the maturity date of a Note be extended if, and for so long as, less than 70% of the amount of the Note is invested in the active business operations of eligible businesses in Saskatchewan.

The Fund was closed to new subscription applications on March 31, 1999.

At December 31, 2004, obligations to investors totalled $10.07 million (2003 - $19.20 million), comprised of 26 Notes (2003 – $16.00 million; 64 Notes) which have not yet matured, and 102 Notes (2003 – 64 Notes) on which $215,000 has been paid to each investor at the maturity date. The remaining obligations to investors mature in 2005.

The Fund has prepared cash flow projections which indicate that timing differences exist between planned liquidation of investments and scheduled investor repayments as Notes become due. In order to treat all investors equally, the payment on Notes at maturity was initially set at $200,000. In 2004, the payment was increased to $215,000. The payment of any amount in addition to the initial payment at maturity is dependent on the liquidation of investments, many of which are in private companies as required by the federal government regulations that govern immigrant investor funds. These investments typically have more risk than other types of investments. Any forecast of when such investments will be liquidated reflects a best judgment based on current information, and involves a number of risks and uncertainties and other factors that may cause actual results to differ materially from the forecast. If the assumptions underlying current forecasts prove to be correct, payment of additional amounts may be possible in late 2005. It is possible that, as a result of investment losses to date, the Fund may be unable to repay the full principal amount of the Note obligations to investors.

SGGF IV continues to actively manage its remaining investments with a view to achieving for investors the best liquidation proceeds available in the prevailing circumstances.

Total interest expense on obligations to investors in 2004 was $202,000 (2003 - $376,000).

Investments

The investment policy of the Fund reflects the requirements imposed by both the IIP and the Offering Memorandum. To meet these requirements, the Fund has established a target initial investment allocation consisting of:

- a maximum of 30% invested in small and medium-sized enterprises ("SMEs") in Saskatchewan;
- 50% invested in loans to support infrastructure projects of the Province of Saskatchewan, and its agencies, municipalities and similar institutions; and,
- the balance invested in cash or liquid debt securities.

As investments are divested over time, the actual portfolio mix changes. Investments in SMEs and loans to support infrastructure qualify as "eligible businesses" for purposes of the IIP.

The following table sets out the investments of the Fund by type at December 31 in each year:

	2004			2003		
	No.	**$ millions**	**%**	No.	$ millions	%
Other investments						
Small and medium-sized enterprises						
Debt investments	**4**	**1.5**	**15.2**	6	4.2	20.7
Equity investments	**3**	**0.1**	**0.5**	2	0.8	4.0
Total	**6**	**1.6**	**15.7**	7	5.0	24.7
Infrastructure loans	**1**	**1.3**	**13.2**	3	3.3	16.1
		2.9	**28.9**		8.3	40.8
Cash and publicly-traded and short-term investments		**7.1**	**71.1**		12.0	59.2
		10.0	**100.0**		20.3	100.0
Adjustment to fair value		**(0.5)**				
Provision for credit losses					(1.3)	
Carrying value		**9.5**			19.0	
Fair value		**9.5**			18.6	

Notes: 1 At January 1, 2004, the Fund changed its accounting policies so that investments are carried at fair value. The method of determining fair value at each financial statement date is described in Note 1 to the Financial Statements. Prior to January 1, 2004, debt investments were carried at cost with appropriate provisions for credit losses and equity investments were carried at the lower of cost and net realizable value.

2 The total number of SME investments represents the total number of companies. In some cases, an investment in both debt and equity instruments of the same company may have been made.

Investment and other income in 2004 totalled $554,000, compared with $1.1 million in 2003. The change reflects a lower average balance of investments outstanding during the year. Losses realized on investments in the year, partially offset by recognition of the fair value of investments held at December 31, 2004, totalled $671,000. In 2003, provisions for investment losses, net of gains realized on disposal, totalled $748,000. Net revenue in 2004 was $(117,000), compared with $382,000 in 2003.

Management

The Fund is managed by the Saskatchewan Government Growth Fund Management Corporation ("SGGF MC") under a contract which provides for a management fee not to exceed 3.0% of the net assets of the Fund. SGGF MC has contracted administration and investment advisory services from Crown Capital Partners Inc. ("CCPI"), a private, national investment advisor based in Regina, Saskatchewan, and has retained subadvisors to perform investment management services. CCPI is paid a monthly fee for its services and will receive a performance fee based on the retained earnings, if any, of the Fund after all investor obligations are repaid in full and all investments have been liquidated. The subadvisors are paid a performance fee based on the performance of investments managed by each of them.

Administration expense for the Fund totalled $246,000 in 2004, compared with $166,000 in 2003. Administration expense, excluding adjustments to accruals for future performance-based fees, represented 1.7% (2003 – 1.8%) of weighted average total assets.

Results of operations

During 2004, the Fund incurred a loss of $629,000, compared with a loss of $535,000 in 2003. The loss was caused by losses on SME investments. Investment income on weighted average total assets, before net losses on disposal and the adjustment to fair value, was 3.8% (2003 – 4.3%). Net realized losses on disposal and unrealized gains (2003 – provisions), net, were (4.6)% (2003 – (2.9)%). Interest expense was 1.4% (2003 – 1.4%). All other expenses were 2.2% (2003 – 2.1%).

At December 31, 2004, the Fund had an accumulated deficit of $693,000 compared with a deficit of $63,000 at December 31, 2003.

Outlook and risks and uncertainties

The priority of SGGF IV is the management of its investment portfolio to maximize returns and to provide for liquidation of investments to satisfy the obligations to investors at maturity of their Notes. Additional investments in SMEs and loans to support infrastructure will be made only to replace investments in eligible businesses which are required to satisfy the five-year investment requirements of the IIP or to support the operations and maximize the value of existing SME investments.

The investment allocation of the Fund which is prescribed by the IIP and Offering Memorandum significantly influences the returns available to the Fund. Investments in SMEs, which can represent up to 30% of the Fund's investments, provide an opportunity for higher returns, but also carry a higher risk of losses than other investment types, and a greater challenge to achieving liquidity at the time that Notes mature. On the other hand, the balance of investments which consist of liquid securities and loans to finance infrastructure are relatively low risk, but also provide low returns that reflect the lower risk exposure.

The significant risks and uncertainties which affect the Fund relate to market risk, credit risk, interest rate risk, and liquidity risk. These risk factors are described in note 11 to the financial statements. The Fund manages these risks to the extent possible; however the factors may affect the ability of the Fund to repay its Notes at maturity. The Fund has no sources of funds to finance the repayment of its Notes other than the proceeds received on liquidation of its investments.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

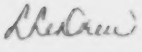
The President and fund manager of the Saskatchewan Government Growth Fund IV Ltd. are responsible for management of the Fund. The accompanying financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, and necessarily include amounts which are based on informed judgement and management estimates. Financial data presented elsewhere in this annual report is consistent with that in the financial statements.

Management's responsibility includes ensuring the integrity and objectivity of financial information. Management maintains an appropriate system of internal accounting and administrative controls, policies and procedures to provide reasonable assurance that all transactions are authorized, financial records are complete and accurate, and assets are safeguarded against loss.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board has established an Audit Committee to review the Fund's accounting policies and financial statements prior to their presentation to the Board for approval. The Audit Committee also reviews the internal controls of the Fund, and meets regularly with the auditors. The Board has reviewed and approved these financial statements.

Deloitte & Touche LLP, the Fund's independent auditors, have examined the financial statements of the Fund. Their responsibility is to conduct an independent and objective audit and to report on the fairness of presentation of the Fund's financial position, results of operations and cash flows as shown in the financial statements. The Auditors' Report outlines the scope of their examination and their opinion.

Alan M. Rowe, C.A.
President



Lori K. Le Drew, C.M.A.
Controller, Crown Capital Partners Inc.

February 23, 2005

AUDITORS' REPORT

To the Shareholder of Saskatchewan Government Growth Fund IV Ltd.:

We have audited the statement of financial position of Saskatchewan Government Growth Fund IV Ltd. as at December 31, 2004, and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Regina, Saskatchewan
February 9, 2005

Saskatchewan Government Growth Fund IV Ltd.
Statement of Financial Position

December 31	2004	2003
Assets		
Cash	$ 1,139,304	$ 1,577,615
Accounts receivable and accrued income	23,094	180,952
Publicly-traded and short-term investments (Note 5)	6,000,000	10,451,835
Other investments (Note 6)	2,390,344	6,969,923
Deferred costs (Note 7)	-	143,576
	$ 9,552,742	$ 19,323,901
Liabilities and Shareholder's Deficiency		
Accounts payable and accrued liabilities (Note 8)	$ 43,623	$ 34,555
Commissions payable	51,000	129,750
Accrued interest payable to investors	79,921	22,045
Obligations to investors (Note 9)	10,070,000	19,200,000
	10,244,544	19,386,350
Share capital (Note 10)	1,000	1,000
Deficit	(692,802)	(63,449)
	(691,802)	(62,449)
	$ 9,552,742	$ 19,323,901

See accompanying notes to the financial statements.

On behalf of the Board:

Roland Hardy
Director

Lloyd Boutilier
Director

Saskatchewan Government Growth Fund IV Ltd.
Statement of Operations and Deficit

Year ended December 31	2004	2003
Revenues		
Income from cash and publicly-traded and short-term investments	$ 242,849	$ 558,768
Income from other investments	286,219	564,132
Other income	25,000	6,895
	554,068	1,129,795
Gains realized on sale of publicly-traded and short-term investments	35,943	-
Gains realized on disposal of other investments	59,930	754,040
Losses realized on disposal of other investments	(740,806)	-
Decrease in fair value of investments	(25,660)	
Provision for investment losses		(1,501,630)
	(670,593)	(747,590)
Net revenue	(116,525)	382,205
Expenses		
Administration (Note 12)	245,649	165,734
Interest on obligations to investors	202,353	376,096
Amortization of deferred costs	64,826	375,685
	512,828	917,515
Loss for the year	(629,353)	(535,310)
(Deficit) retained earnings, beginning of year	(63,449)	471,861
Deficit, end of year	$ (692,802)	$ (63,449)

See accompanying notes to the financial statements.

Saskatchewan Government Growth Fund IV Ltd.
Statement of Cash Flows

Year ended December 31	2004	2003
Cash flows from operating activities		
Loss for the year	$ (629,353)	$ (535,310)
Items not affecting cash:		
Decrease in fair value of investments	25,660	
Provision for investment losses		1,501,630
Amortization of premium and discount on bonds	75,919	80,699
Gains realized on sale of public investments	(35,943)	-
Net losses (gains) realized on disposal of other investments	680,876	(754,040)
Amortization of deferred costs	64,826	375,685
Net change in non-cash balances related to operations (Note 13)	224,802	(305,126)
Cash flows from operating activities	406,787	363,538
Cash flows from investing activities		
Purchase of publicly-traded and short-term investments	(6,000,000)	(12,743,516)
Sale of publicly-traded and short-term investments	10,411,859	15,626,578
Disbursements on other investments	(217,784)	(265,297)
Repayments of other investments	4,090,827	5,934,621
Cash flows from investing activities	8,284,902	8,552,386
Cash flows from financing activities		
Repayment of obligations	(9,130,000)	(12,800,000)
Cash flows from financing activities	(9,130,000)	(12,800,000)
Net decrease in cash	(438,311)	(3,884,076)
Cash, beginning of year	1,577,615	5,461,691
Cash, end of year	$ 1,139,304	$ 1,577,615
Interest paid during the year	$ 144,477	$ 354,051

See accompanying notes to the financial statements

Saskatchewan Government Growth Fund IV Ltd.
Notes to Financial Statements
December 31, 2004

1. Status of the Corporation

Saskatchewan Government Growth Fund IV Ltd. ("SGGF IV" or the "Fund") was incorporated in December 1994 under *The Business Corporations Act* (Saskatchewan) and has been accepted as a government administered venture capital fund under the federal government's Immigrant Investor Program ("IIP"). Under this program, the Fund was established to raise $35,000,000 through a note offering. Each note is a 1.50% unsecured, subordinated debt instrument with a principal amount of $250,000, repayable in five years provided that 70% of the proceeds are invested in eligible businesses ("Notes") throughout the five year period. The marketing period for the Fund ended on March 31, 1999.

The Confidential Offering Memorandum ("Memorandum") and the IIP prescribe various conditions which qualify an investment as an eligible business, including a requirement that the business be Saskatchewan based and have assets, including assets of associated companies, of less than $35 million.

The Government of Canada and the Government of the Province of Saskatchewan offer no guarantees or assurances on the financial performance of the Fund or of a return of an investor's original investment and neither government will be liable for any loss or damages suffered by an investor as a result of an investment in the Notes.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following are considered significant:

Measurement uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from the current estimates. These estimates are reviewed quarterly and adjustments are reported in the Statement of Operations and Deficit in the period in which they become known. The primary measurement uncertainty which may affect the reported amounts relates to the determination of fair values of other investments as described below.

Publicly-traded and short-term investments

Publicly-traded and short-term investments are carried at fair value. Income from publicly-traded and short-term investments is recognized as earned. The change in fair value of publicly-traded and short-term investments during the year is included in the Statement of Operations and Deficit. Fair values for publicly-traded investments are determined by reference to quoted market values. Fair values for short-term investments are assumed to be equal to cost.

Saskatchewan Government Growth Fund IV Ltd.
Notes to Financial Statements (continued)
December 31, 2004

Prior to January 1, 2004, publicly-traded debt investments were carried at amortized cost and publicly-traded equity investments were carried at the lower of cost and, in the case of investments where a loss in value that was other than temporary had occurred, net realizable value.

Other investments

Other investments include debt and equity investments in private companies. Other investments are carried at fair value. Income from debt investments ("loans") is recognized as earned except if the investment is impaired. A loan is considered to be impaired if, as a result of deterioration in credit quality, there is no longer reasonable assurance of the timely collection of the full amount of principal and interest. Any loan on which contractual payments are in arrears for 90 days or more is usually assumed to be impaired. Other factors that are considered in determining whether a loan is impaired are the overall credit quality of the borrower and the fair value of the underlying security. When a loan becomes impaired, recognition of interest income ceases. Income from equity investments is recognized when received. The change in fair value of other investments during the year is included in the Statement of Operations and Deficit.

Fair values for other debt investments are determined by calculating the present value of the remaining payments under the loans. The discount rate used is based on the expected return at the date of the financial statements for a loan to an investee with similar risk characteristics. The discount rate is comprised of a base risk-free rate based on a Government of Canada bond with equivalent duration, a credit risk premium based on publicly-traded debt with a BBB credit rating, and an additional credit risk and liquidity premium based on the circumstances of the specific investee.

Fair values for other equity investments are determined by management on the basis of the expected realizable value of the investments as at the date of the financial statements if they were disposed of in an orderly manner over a reasonable period of time, discounted at a discount rate which is appropriate at the date of the financial statements to investments in similar companies. There is no active secondary market for many investments which are not publicly-traded, and there is considerable uncertainty and a potentially broad range of outcomes with respect to the future cash flows from these investments. Valuations of such investments are subject to a number of assumptions and uncertainties that may cause actual values realized on disposal to differ materially from the fair value estimated at any particular time.

Generally accepted accounting principles limit the situations where investee companies over which an entity has significant influence are not consolidated. The Fund intends to dispose of its investments in due course; therefore, other investments are not consolidated.

Prior to January 1, 2004, other debt investments were carried at cost net of provisions for investment losses, and other equity investments were carried at the lower of cost and, where a loss in value that is other than temporary has occurred, net realizable value. A provision for investment losses was established for impaired loans to reduce their value to the estimated

Saskatchewan Government Growth Fund IV Ltd.
Notes to Financial Statements (continued)
December 31, 2004

fair value of the security underlying the loan. If the credit quality of the loan subsequently improved, a provision was reduced or reversed.

Other equity investments that were evaluated as possibly being subject to a loss in value were assessed periodically based on appropriate criteria, including past operating results of the investee, financial outlook of the investee, recent capital transactions, and their associated value, between the investee and arm's length parties, and liquidity or going concern problems of the investee. When a decline in the value of an equity investment was no longer considered to be temporary, the investment was written down through a provision and was carried at the written down value until disposal of the equity investment.

Deferred costs

Deferred costs include commissions, consulting, legal, administrative, accounting, general and printing costs associated with the Fund's offering of Notes. Deferred costs are amortized over five years from the date of Note issuance.

Commissions payable

According to the terms of marketing agreements entered into by the Fund, a commission is payable to the independent marketing agents selling the Notes upon issuance of the investor's immigrant visa. Commissions paid or payable on subscriptions received have been deferred and amortized.

Obligations to investors

Obligations to investors represent the Notes issued to investors of the Fund. The Notes help to satisfy a portion of investors' visa requirements under the IIP. Interest to the maturity date of Notes is accrued at an annual rate of 1.50% from the date of Note issuance until maturity and is paid annually on December 31 and at maturity; thereafter, interest is accrued on any remaining balance outstanding.

3. Change in accounting policy

Effective January 1, 2004, the Fund prospectively adopted "Accounting Guideline 18 – Investment Companies" (AcG-18) of the Canadian Institute of Chartered Accountants. This guideline requires that for qualifying entities, investments held are to be measured and reported at their fair value as described in note 2. Previously, investments were carried at cost subject to certain adjustments as described in note 2. The change was implemented on a prospective basis, and the change in fair value recorded on the Statement of Operations and Deficit for the year ended December 31, 2004 represents the difference between the fair value of investments held at December 31, 2004 and either the carrying value, after provisions of the investment at December 31, 2003 or, in the case of investments acquired in 2004, the cost of the investment.

Saskatchewan Government Growth Fund IV Ltd.
Notes to Financial Statements (continued)
December 31, 2004

Net losses realized on disposal of investments, net of the recognition of fair value of investments, in 2004 of $670,593 include losses of $411,331 representing the excess as at January 1, 2004 of the carrying value on the previous basis of accounting over the fair value of investments.

4. Provisions of the IIP

Minimum holding period and maturity of the Notes

A Note is issued to evidence receipt of the full subscription amount on the date that at least 70% of the subscription amount has been invested in eligible businesses. Each Note is scheduled to mature five years from such date, provided the Fund maintains at least 70% of the Note continuously invested in the active business operations of eligible businesses for five years following the issuance date. The IIP contains provisions which require that the maturity date of a Note be extended if, and for such period that, a minimum of 70% of the Note amount ceases to be invested in the active business operations of eligible businesses.

5. Publicly-traded and short-term investments

Publicly-traded and short-term investments consist of Government of Canada Bonds ("Bonds") and Term Deposits.

Security	Rate %	Maturity Date	Par $	**2004 Carrying Value $**	2003 Carrying Value $
Term Deposit	2.88	16/12/05	6,000,000	**6,000,000**	-
Bond	5.00	1/9/04	7,700,000	-	7,773,715
Term Deposit	3.01	8/12/04	1,706,547	-	1,706,547
Bond	6.00	1/9/05	960,000	-	971,573
Carrying value				**6,000,000**	10,451,835
Fair value				**6,000,000**	10,535,427

Saskatchewan Government Growth Fund IV Ltd.
Notes to Financial Statements (continued)
December 31, 2004

6. Other investments

	2004	2003
Debt instruments	**$ 2,855,261**	$ 7,501,509
Equity instruments	**52,284**	802,284
	2,907,545	8,303,793
Adjustment to fair value	**(517,201)**	
Provision for investment losses		(1,333,870)
Carrying value	**$ 2,390,344**	$ 6,969,923
Fair value	**$ 2,390,344**	$ 6,475,000

Included in investments is $375,000 (2003 - $2,586,163) of impaired investments, against which the accumulated provision for investment losses in 2003 was $1,333,870 and upon which income is not accrued. During the year $740,806 (2003 - $961,510) of investments and costs have been written off.

During the year, investments decreased as follows:

	2004	2003
Balance, beginning of year	**$ 6,969,923**	$ 13,386,837
New investments	**217,784**	265,297
Book value of divestments	**(4,030,897)**	(5,180,581)
Investments and costs written off	**(740,806)**	(961,510)
Net change in fair value	**(25,660)**	
Net change in provision for investment losses		(540,120)
Balance, end of year	**$ 2,390,344**	$ 6,969,923

Debt instruments have interest rates ranging from 6.1% to 15% and maturity dates ranging from demand to November 2005.

7. Deferred costs

In 2003, deferred costs were recorded net of accumulated amortization of $1,286,641.

8. Accounts payable and accrued liabilities

Included in accrued liabilities is a provision of $18,100 (2003 - $14,481) for future fees payable to investment subadvisors under the terms of their respective investment services agreements. These amounts will be paid to the investment subadvisors upon liquidation of the portfolio under their management and upon achievement of certain performance targets.

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Notes to Financial Statements (continued)
December 31, 2004

9. Obligations to investors

Obligations to investors consist of 1.50% unsecured promissory notes. The obligation at December 31 is:

	2004	2003
128 Notes (2003 – 128 Notes)	**$ 10,070,000**	$ 19,200,000

The obligation is comprised of 26 (2003 – 64) Notes with a principal balance of $250,000 and 102 (2003 - 64) Notes with a remaining principal balance of $35,000 (2003 - $50,000).

The following is the schedule of Note maturities as at December 31, 2004:

Notes matured prior to 2005	$ 3,570,000
2005	6,500,000
	$ 10,070,000

Obligations under the Notes are subordinate to all other liabilities of the Fund and repayment is dependent on the proceeds on liquidation of investments and other available liquidity in excess of other liabilities. The Notes are irrevocable, except in the case that a visa is denied.

As a result of differences in the timing of proceeds from investments and scheduled maturities of Notes, the Fund set repayments on each Note at its maturity, beginning in January 2003, at $200,000. In 2004, this amount was increased to $215,000. It is not known when sufficient liquidity will exist to allow additional payments on the balance of each Note outstanding. Interest due on the remaining principal amount of each Note on which the principal has been partially repaid is accrued.

10. Share capital

The authorized common share capital of the Fund at December 31 is:

Class A common shares – an unlimited number of voting common shares. Holders of these shares are not entitled to receive dividends.

Class B common shares - an unlimited number of voting common shares. Holders of these common shares are entitled to receive dividends.

The issued common share capital at December 31 is:

	2004	2003
1,000 Class A common shares	**$ 1,000**	$ 1,000

Saskatchewan Government Growth Fund IV Ltd.
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11. Risk management

The Fund's primary business is the raising of capital from immigrant investors and placing these funds in new and expanding Saskatchewan businesses. This investment activity entails exposure to market risk, credit risk, interest rate risk, and liquidity risk. These risk factors may impact upon the Fund's ability to repay its Notes at maturity.

Market risk

Market risk is the risk that the fair value of an investment may be affected by the ability of an investee company to profitably distribute its products. Some of the companies in which the Fund invests are dependent upon a single product or industry. The Fund manages this risk through careful due diligence prior to committing funds to the investment and by diversifying its investments across various industry sectors.

Credit risk

Credit risk is the risk that an investee will fail to perform its obligations. Concentration of credit exposure may arise given that the Fund restricts its investments to businesses operating in Saskatchewan and therefore all investments are subject to a similar general economic environment. In addition, changes in commodity prices and foreign currency exchange rates may significantly affect the financial position of some investees. The Fund conducts thorough due diligence prior to committing to an investment and actively monitors the financial health of its investees on an on-going basis.

Interest rate risk

Interest rate risk is the risk that the Fund's earnings will be affected by fluctuations in interest rates. The Fund manages this risk through carefully monitoring and matching the duration of its investments with the duration of its obligations to investors.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in liquidating its investments at the time it is required to repay its Notes. Due to the nature of some of the Fund's investments, the timing of cash flows from its investments may not exactly match the payments owing under the Fund's Notes. The Fund carefully monitors the duration of its investments. However, timing differences may require the Fund to reduce or delay the payments owing on Notes at maturity.

Saskatchewan Government Growth Fund IV Ltd.
Notes to Financial Statements (continued)
December 31, 2004

Fair value – obligations to investors

No secondary market for the Notes exists. Due to the unique features associated with the Notes, the calculation of a fair value with appropriate reliability is impractical. The risk factors that affect the fair value of investments, as described above, also affect the fair value of obligations to investors. Repayment of these obligations at maturity is dependent upon the value and liquidity of investments at that time.

12. Administration

Under the terms of a management agreement between the Fund and Saskatchewan Government Growth Fund Management Corporation ("SGGF Management Corporation"), SGGF Management Corporation administers the assets of the Fund with the assistance of a manager that performs fund administration and investment management together with several investment subadvisors. SGGF Management Corporation does not guarantee the financial performance of the Fund. All services provided to the Fund are charged on a fee for service basis. The costs billed to the fund by SGGF Management Corporation are as follows:

	2004	2003
Manager's fees	**$ 187,944**	$ 417,101
General administration	**15,160**	34,368
Directors' fees and expenses	**6,414**	8,923
Legal and professional	**18,031**	19,663
	227,549	480,055
Provision for manager's profit share	**-**	(97,676)
Provision for investment advisors' profit share	**18,100**	(216,645)
	$ 245,649	$ 165,734

13. Net change in non-cash balances related to operations

	2004	2003
Accounts receivable and accrued income	**$ 157,858**	$ 85,660
Deferred costs	**78,750**	-
Accounts payable and accrued liabilities	**9,068**	(377,831)
Commissions payable	**(78,750)**	(35,000)
Accrued interest payable to investors	**57,876**	22,045
	$ 224,802	$ (305,126)

Saskatchewan Government Growth Fund IV Ltd.
Notes to Financial Statements (continued)
December 31, 2004

14. Income taxes

A provincial Crown corporation, SGGF Management Corporation, owns all of the issued shares of the Fund. Therefore, the Fund is exempt from income taxes.

15. Related party transactions

Included in these financial statements are amounts resulting from transactions with SGGF Management Corporation pursuant to a management agreement referred to in Note 12. Account balances resulting from these transactions are included in the Statement of Financial Position and are settled on normal trade terms. Total fees charged to the Fund by SGGF Management Corporation amounted to $227,549 (2003 - $480,055). Total fees payable to SGGF Management Corporation at December 31, 2004, and included in the above, are $10,469 (2003 - $10,269).

16. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Financial Position (thousands of dollars)

December 31	2004	2003	2002	2001	2000
Assets					
Cash	$ 1,139	1,578	5,462	5,037	2,888
Publicly-traded and short-term investments	6,000	10,452	13,416	10,364	9,435
Other investments	2,390	6,970	13,387	17,106	21,380
Other assets	24	324	785	1,763	2,179
Total assets	$ 9,553	19,324	33,050	34,270	35,882
Liabilities and Deficit					
Obligations to investors	$ 10,150	19,222	32,000	32,500	33,256
Other liabilities	95	164	577	735	803
(Deficit) equity	(692)	(62)	473	1,035	1,823
Total liabilities and deficit	$ 9,553	19,324	33,050	34,270	35,882

Operating Results (thousands of dollars)

Years ended December 31	2004	2003	2002	2001	2000
Revenues					
Investment income	$ 286	564	1,040	1,152	1,114
Lease revenue	-	-	-	3,122	2,817
Interest from cash and publicly-traded and short-term investments	243	559	573	635	747
Other income	25	7	26	29	23
	554	1,130	1,639	4,938	4,701
Gains (losses) realized on disposal of investments	(645)	754	-	-	-
Adjustment to fair value	(26)				
Provision for losses on investments		(1,502)	(795)	(1,548)	39
Net revenue	(117)	382	844	3,390	4,740
Expenses					
Administration	246	166	420	674	839
Financing	266	751	986	3,504	3,188
Total expenses	512	917	1,406	4,178	4,027
Net income (loss)	$ (629)	(535)	(562)	(788)	713

Note: Effective January 1, 2004, the Fund changed its accounting policy on a prospective basis to measure and report investments at their fair value.

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Fund Manager
Saskatchewan Government Growth Fund Management Corporation, which has retained Crown Capital Partners Inc. to provide management services

Crown Capital Partners Inc.
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Christopher J. Anderson, C.F.A., Partner
Brent Hughes, C.F.A., Partner
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